TCG SURVEY 1979

Theatre Communications
Group, Inc.

New York

THEATRE COMMUNICATIONS GROUP, INC., is the national service organization for the nonprofit professional theatre in the United States. Founded in 1961, TCG provides more than 20 artistic, administrative and informational programs and services to resident, experimental, ethnic and other nonprofit professional theatres throughout the country, as well as to independent theatre artists, technicians and administrators. TCG provides a forum for the profession and a resource for the media, funding agencies and the public.

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PREFACE

TCG publishes annually the compilation and analysis of financial and statistical data collected from its constituent theatres. This is the sixth survey, and the first to have been conducted with the assistance of a computer system.

The information in this survey assists the participating theatres in assessing the financial and production activity of the theatre profession in relation to their own operations. The data and findings provide theatre managers with information on giving patterns over several years to aid them in determining budgets, planning future fund-raising programs and anticipating funding levels from private and public sources. Trends are reported in the area of income and expenses to give the theatres the necessary information to plan their marketing strategies and to outline long-range plans. This report also serves as a resource for boards of directors, funding agencies, the press, the theatre community and the general public.

Beginning with this survey, TCG's Management Services Department is maintaining all data on a computer system, so that the information can be more readily accessible and available in a variety of formats. With the aid of a computer, it was possible to collect additional statistics that have been requested by the theatres and other sources, such as the press and governmental agencies. Since the survey instrument was the basis for the computer program, all six years of back data were adjusted to meet the refined definitions of each line item. In the future, TCG plans to incorporate some of the theatre data from the 1960s to be able to study trends over a 15-year period.

Several of the new additions to various sections of this survey include: compounded growth rates, both in current dollars and adjusted for inflation; number of properties reported for receipt of royalties and subsidiary income; touring statistics, including number of states, communities and countries; and many more production statistics.

Appreciation is extended to the 157 participating theatres who provided the information to make this project possible.

Lou Moore

HIGHLIGHTS

According to our findings for the year 1979, the nonprofit professional theatre has demonstrated excellent management but still lacks the means to make program expansions.

The theatres studied here showed an increasing ability to control expenses, to augment earnings that replace shrinking growth in grants and contributions, and to reduce operating deficits. Yet, while this speaks well for the theatres' administrative expertise, it does not necessarily allow artistic directors freedom to experiment or take desired steps to improve artistic quality or expand programming.

Our findings indicate that theatres are maximizing "productivity" through various means, such as: limiting the number of mainstage productions while increasing the number of performances for each production and the percentage of seating capacity filled by audiences; extending the use of facilities by booking in outside productions and offering special events; improving marketing techniques utilized in selling subscriptions and single tickets; and sponsoring fund-raising events.

As a result, for Control Group II, a group of 25 of the larger long-established theatres studied over a six-year period, we have found that earned income has soared to its highest point ever, covering some 71% of expenses, compared to a range of 64% to 67% in previous years.

Overall attendance also showed a healthy increase, rising 5% between 1978 and 1979. And the theatres have still managed to retain their accessibility to the public by pricing tickets within reach: subscriptions are offered at a substantial discount, and even the average undiscounted ticket price range was only $5.23 to $8.91. Among the Control Group II theatres, income from single-ticket sales grew tremendously, up 46% from 1978, while subscription income also rose, by 12%.

This report graphically displays the compounded growth rates in income and expenses for these theatres in current and constant dollars to show real growth adjusted for inflation. The key counteractive measures during inflation are effective marketing, long-range planning and budgeting, and these theatres are concentrating their efforts in those directions; but more important, they must concentrate on unearned income at the same time, because unearned income is not rising as fast as earned income or expenses, and philanthropy may be further eroded by inflation's continuing debilitating effects.

Expenses grew 15% over the six-year period, and earned income has kept pace with the growth in expenses; but unearned income from grants and contributions grew much more slowly, at 9% in a period of 13% inflation. The proportion of unearned income actually declined over the six years when viewed in terms of the expense percentage covered by grants and contributions.

In all, we studied 157 of TCG's Constituent theatres based in 82 cities in 38 states and the District of Columbia. For 1979, annual operating expenses for these companies ranged from $53,000 to more than $5 million. The theatres are diverse, having in common only tax-exempt status and professional orientation. Their work covers the full range of classics, new plays, musicals, youth theatre, multimedia and other forms.

For these theatres, attendance totalled more than 14.6 million people, who attended 42,018 performances of 1,812 productions. On the road, 71 companies traveled to 48 states and Washington, DC, as well as to 12 foreign countries.

Total expenses for the group tallied more than $104.2 million, with earned income representing $63.5 million. Since grants and contributions came to only $37.9 million, the theatres collectively ended the year in the red by $2.8 million. More than half the participating theatres -- 83 of them -- had an operating deficit for the year, compared to 74 without.

Although the federal government has never been a major partner in theatre funding, covering less than 8% of expenses in 1979, it represented the largest dollar increase from 1978 to 1979, ranking first as a source of contributed support for the second consecutive year, largely because of National Endowment for the Arts Challenge Grants.

Only seven of the 25 Control Group II theatres received Challenge Grants that accounted for more than 30% of the total federal dollars reported. Without Challenge Grants, federal funding drops to second place as a source of funds.

Individual donors provided the second largest source of unearned income, but increased only 3% over the previous year, compared to the encouraging 16% increase between 1977 and 1978 revealed in last year's survey. Adjusting for inflation, the individual giving picture is even more discouraging, showing a compounded growth rate of less than 2% in constant dollars over six years.

Foundations, the third largest benefactor, increased sharply in 1979 by 19% over 1978; however, foundation income is still below the 1974 level, representing a 5% decline (or a staggering 12% negative compounded growth rate when adjusted for inflation) over the six-year period. Corporate support, on the other hand, is still rising, with a 20% increase between 1978 and 1979, and the largest growth of any source over the six-year period. Yet in spite of this growth, corporate funds accounted for less than 3% of theatre expenses, and the average corporate grant is still very small indeed -- 1,375 corporations gave $1.1 million or an average grant per corporation of only $830.

Overall, the theatres are in a healthier financial position now than in previous years, but the cost of this improvement in their fiscal health appears to be a general lack of growth and, in many cases, the actual curtailment of programs.

METHODOLOGY

TCG SURVEY 1979 is divided into four sections: Constituency, Control Group I, Control Group II and Theatres by Budget Size. Tables and graphs are incorporated throughout the survey to illustrate trends, patterns of giving, and real growth adjusted for inflation. The following is an explanation of each section of the report:

Constituency:

TCG surveyed 157 theatres in its Constituency to study expenses, earned and unearned income. Production statistics include total number of productions, performances, attendance and subscribers for resident and touring activity. These theatres completed the "short form" questionnaire (see Appendix C) and constitute the complete universe for the survey.

Control Group I:

Of the Constituency, 107 theatres supplied TCG with data for the four-year period 1976-79 and comprise Control Group I. They represent a large sampling of the diverse spectrum of TCG theatres. Total expenses for this group cover a wide range, from $50,000 to over $5 million per theatre.

Control Group II:

This second control group is really the heart of the survey and allows study in great depth because far more data is available over the longest period of time. This sample group consists of 25 larger and longer established theatre companies, all with expenses over $500,000. Detailed financial and production information has been collected from these theatres over the six-year period since 1974 enabling us to study trends and compare data. A copy of the questionnaire is included in Appendix B.

Theatres by Budget Size:

The same detailed financial and production questionnaire completed by Control Group II theatres was distributed to an additional 23 theatres in 1979. These 48 theatres, all with budgets over $350,000, are divided into four budget groups to show the comparison of data for different size theatre operations. This section includes only 1979 data for the 48 theatres, and all responses were analyzed, along with audited financial statements, to assure accuracy. The budget groups were subdivided as follows:

Group 1 - Budgets in excess of $2 million

Group 2 - Budgets between $1.5 and $2 million

Group 3 - Budgets between $1 and $1.5 million

Group 4 - Budgets between $350,000 and $1 million

Due to a change in accepted nonprofit accounting principles, in-kind contributions are now being incorporated into financial statements under the category "donated materials, services and facilities." Because of this inconsistency in the way organizations and accounting firms handled this data in previous years, in-kind contributions were not studied over the six-year period, but the amounts for 1979 are included in the "Theatres by Budget Size" section.

In Control Group II, fiscal information covers the six-year period beginning in 1974, while for statistical information the comparisons cover a five-year period beginning 1975. The variance is caused by the unavailability of certain statistical data for 1974. Totals, averages and the number of responses are provided in this survey, as well as compounded growth rates (CGR), both in "current" dollars and in "real" or "constant" dollars adjusted for inflation.

A complete list of all participants can be found in Appendix A and a glossary of terms is provided in Appendix D.

CONSTITUENCY

TCG studied 157 of its theatres based in 82 cities in 38 states and the District of Columbia. For 1979, these theatres' annual operating expenses ranged from $53,000 to over $5 million. The theatres are diverse, and artistic programming varies from theatre to theatre; however, they do have in common their nonprofit, tax-exempt status and their professional orientation. Many focus on producing new plays, while others emphasize the classics. Some produce only musicals, some present plays for young people, and a few do not present "plays" in any traditional sense. Other theatres are eclectic and do a bit of everything. More than ever before, theatres are having to clearly define their artistic purpose and goals to effectively promote their institutions and acquire the necessary funds for survival during these difficult economic times. Community support is essential in order to gain the recognition and much needed contribution dollar.

As reported in previous surveys, the Northeast continues to represent the highest concentration of theatres, and it should be noted that slightly over 28% of the 157 theatres are based in the state of New York. The Midwest has the second highest concentration of theatres, with the state of Illinois accounting for 11 theatres, or more than 7% of the national total. The Southeast and Southwest still remain the regions with the fewest theatres. Table 1 shows the breakdown of the 157 theatres, including the number of theatres within each state.

TABLE 1

1979 REGIONAL BREAKDOWN OF THEATRE HOME BASES

Region	States (# of Theatres)	# of Theatres
Northeast	CT(6), MA(6), ME(1), NH(2), NY(45), RI(3)	63
Midwest	IA(1), IL(11), IN(1), KY(3), MI(2), MN(5), MO(3), NE(2), OH(4), WI(3)	35
West	AK(1), CA(15), CO(2), HI(1), OR(1), WA(4)	24
Middle Atlantic	DC(3), MD(1), NJ(4), PA(6), VA(3), WV(1)	18
Southeast	AL(1), AR(1), FL(5), GA(1), LA(1), NC(1), SC(1), TN(2)	13
Southwest	AZ(2), OK(1), TX(1)	4
TOTAL		157

Table 2 demonstrates the evolution of the 157 theatres, particularly the explosion of new theatre operations between 1965 and 1975. In those 10 years, almost 100 theatres were founded, compared to only 40 companies for all the years prior to 1965. During the most recent years, there seems to be a drop in the number of new operations begun (18 since 1975), and this is hardly surprising, given the economic constraints and the shrinking value of the dollar. Existing theatres are becoming hard pressed to keep pace with the fluctuations in our economy and, certainly, building a new institution from scratch would be an even more difficult task for any new theatre incorporating in the 1980s. Yet in the 1979-80 season, three major new companies are opening in Denver, Boston and Brooklyn, which may signify a slight upswing in this trend for the future; however, it is most unlikely that we will again experience the boom of the late Sixties and early Seventies.

TABLE 2

FOUNDING YEARS

Year	# of Theatres
Prior to 1950	8
1950-59	11
1960-64	21
1965-69	42
1970-74	57
1975-77	18
TOTAL	157

TABLE 3

STATES WITH HIGHEST CONCENTRATION OF THEATRES

New York	45
California	15
Illinois	11
Connecticut	6
Massachusetts	6
Pennsylvania	6
Florida	5
Minnesota	5
New Jersey	4
Ohio	4
Washington	4

TABLE 4

STATES MOST VISITED BY TOURING THEATRES

Pennsylvania	14
Ohio	13
Illinois	12
Connecticut	11
New Jersey	10
Indiana	9
Michigan	9
Arizona	8
Georgia	8
Kansas	8
Missouri	8
New York	8
North Carolina	8

Many of the 155 theatres toured extensively during 1979. Forty-eight of the 50 states and the District of Columbia were visited by 71 theatre companies, and nine theatres travelled abroad to play to audiences in Austria, Belgium, France, Germany, Holland, Italy, Spain, Japan, Denmark, Trinidad, West Germany and Canada. Approximately 6,911 performances were presented by theatres touring within their own home states, while 2,478 performances were presented out of state and 366 in foreign countries.

TABLE 5

TOURING

	TOTAL	# of Theatres
IN-STATE		
# Performances	6,911	90
# Communities	2,380	
OUT-OF-STATE		
# Performances	2,478	71
# Communities	976	
# States	49	
INTERNATIONAL		
# Performances	366	9
# Communities	50	
# Countries	12	

For the 155 theatres that supplied production and audience statistics, attendance totalled over 14.6 million at home and on the road, and 635,267 people subscribed to one or more series of plays at the 104 theatres offering subscription programs.

Theatres presented 1,812 productions of plays in 1979 for a total of 42,018 performances. Of those, 39,709 performances of 1,449 productions of their own creation were supplemented by 364 booked-in events of theatre, music or dance programs presented for a total of 2,309 performances. These bookings generally represent the theatres' desire to increase earned income and expand services to their communities. At the same time, they sometimes provide an opportunity for theatres nationwide to present each other's work or exchange productions.

TABLE 6

1979 TOTAL ATTENDANCE AND PRODUCTION ACTIVITY
(Constituency: 155 theatres)

	Total	# of Respondents
Attendance	14,620,653	155
# Subscribers	635,267	104
# Productions	1,812	155
# Performances	42,018	155

For the 157 theatres in 1979, total operating expenses were $104.2 million, with earned income tallying $63.5 million. The gap between earnings and expenses totalled $40.7 million, which was only partially covered by $37.9 million in grants and contributions. Thus, the total operating deficit for the year was $2.8 million. Only 67 theatres ended the year with a fund balance, while more than half, 83 theatres, showed a deficit. Seven theatres out of the 157 balanced their income and expenses.

TABLE 7

1979 TOTAL INCOME AND EXPENSES
(Constituency: 157 theatres)

	Total
Earned Income	$ 63,500,885
Total Expenses	104,207,908
Earned Income Gap	(40,707,023)
Unearned Income	37,902,610
Total Income	101,403,495
Income Deficit	(2,804,413)

CONTROL GROUP I

CONTROL GROUP I PARTICIPANTS

A Contemporary Theatre
The Acting Company
Actors Theatre of Louisville
Alliance Theatre Company/
Atlanta Children's Theatre
AMAS Repertory Theatre
American Conservatory Theatre
American Place Theatre
Arena Stage
Arizona Theatre Company
Asolo State Theater
Barter Theatre
Berkeley Repertory Theatre
Berkeley Stage Company
Body Politic Theatre
California Actors Theatre
The Cambridge Ensemble
Center Stage
The Changing Scene
Chelsea Theater Center
The Children's Theatre Company
Cincinnati Playhouse in the Park
Circle in the Square
Circle Repertory Company
Cleveland Play House
Cohoes Music Hall
Colonnades Theatre Lab
The Cricket Theatre
Dallas Theater Center
Dell'Arte
East West Players
El Teatro Campesino
The Empty Space Theatre
Ensemble Studio Theatre
The First All Children's Theatre
Company
Free Street Theater
George Street Playhouse
GeVa Theatre
Goodman Theatre
Great Lakes Shakespeare Festival
The Guthrie Theater
Hartford Stage Company
Hartman Theatre Company
Hippodrome Theatre Workshop
Honolulu Theatre for Youth
Impossible Ragtime Theatre
The Independent Eye
Indiana Repertory Theatre
Interart Theatre
Intiman Theatre Company
Jean Cocteau Repertory
Julian Theatre
Living Stage
Long Wharf Theatre
Looking Glass Theatre
Loretto-Hilton Repertory Theatre
Lovelace Theatre Company
The Magic Theatre
Manhattan Theatre Club
Mark Taper Forum
McCarter Theatre Company
Meadow Brook Theatre
Medicine Show Theatre Ensemble
Milwaukee Repertory Theater Company
Missouri Repertory Theatre
Music-Theatre Performing Group/Lenox Arts
Center
National Black Theatre
The National Shakespeare Company
The New Dramatists
New Jersey Shakespeare Festival
New York Shakespeare Festival
Odyssey Theatre Ensemble
Old Globe Theatre
O'Neill Theater Center
Ontological-Hysteric Theater
Oregon Shakespearean Festival
Organic Theater Company
Otrabanda Company
PAF Playhouse
PART (Performing Arts Repertory Theatre)
Performance Community
Philadelphia Drama Guild
Phoenix Theatre
Pittsburgh Public Theater
Playmakers Repertory Company
Playwrights Horizons
Provisional Theatre
Puerto Rican Traveling Theatre Company
The Puppet Workshop
Repertorio Espanol
St. Nicholas Theater Company
Seattle Repertory Theatre
South Coast Repertory
StageWest
The Street Theater
Studio Arena Theatre
Syracuse Stage
Theatre Arts of West Virginia
Theatre by the Sea
Theater for the New City
Theatre X
Trinity Square Repertory Company
Victory Gardens Theater
Virginia Museum Theatre
Wayside Theatre
The Whole Theatre Company
Williamstown Theatre Festival
Yale Repertory Theatre

A control group of 107 theatres was selected from the total group of 157 theatres to study total expenses and income over the four-year period 1976-79. The 107 theatres which constitute Control Group I participated in the shorter version of the TCG survey for those four years, and the data reflects trends in total expenses, earned and unearned income, including compounded growth rates in current dollars and in constant dollars (adjusted for inflation). Control Group I is a larger sampling of the constituency with a more diverse group of theatres, as opposed to Control Group II, which includes 25 theatres with budgets of $500,000 or more for the six-year period 1974-79.

Control Group I shows that total earned income, expenses and unearned income all increased substantially between 1978 and 1979. One of the greatest increases between 1978 and 1979 occurred in earned income, almost a 20% increase compared to only 9% between 1977 and 1978. Similarly, total expenses rose by 19% to $92.1 million from 1978; whereas, between the previous two years the increase was just slightly under 10%. The growth in earned income therefore slightly exceeded the rate of rise in expenses.

TABLE 8

TOTAL INCOME AND EXPENSES
(Control Group I: 107 theatres)

In thousands	1976	1977	1978	1979
Earned Income	$42,782	$43,917	$47,706	$57,201
Total Expenses	67,786	70,394	77,352	92,131
Earnings Gap	(25,004)	(26,477)	(29,646)	(34,930)
Unearned Income	23,557	23,062	27,585	32,036
Total Income	66,339	66,979	75,291	89,237
Income Deficit	(1,447)	(3,415)	(2,061)	(2,894)

On the other hand, total unearned income from grants and contributions showed the smallest increase between the years 1978 and 1979 -- up by 16% to $32 million, which is significantly less than the 20% increase from 1977 to 1978. Thus, the decline in the growth rate of unearned income from 1978 can be said to have caused the collective deficit of these 107 theatres to be drastically larger in 1979 -- $2.9 million, or a 40% increase over the previous year in the overall deficit amount.

FIGURE 1

1976-79 EARNED AND UNEARNED INCOME
(Control Group I: 107 theatres)

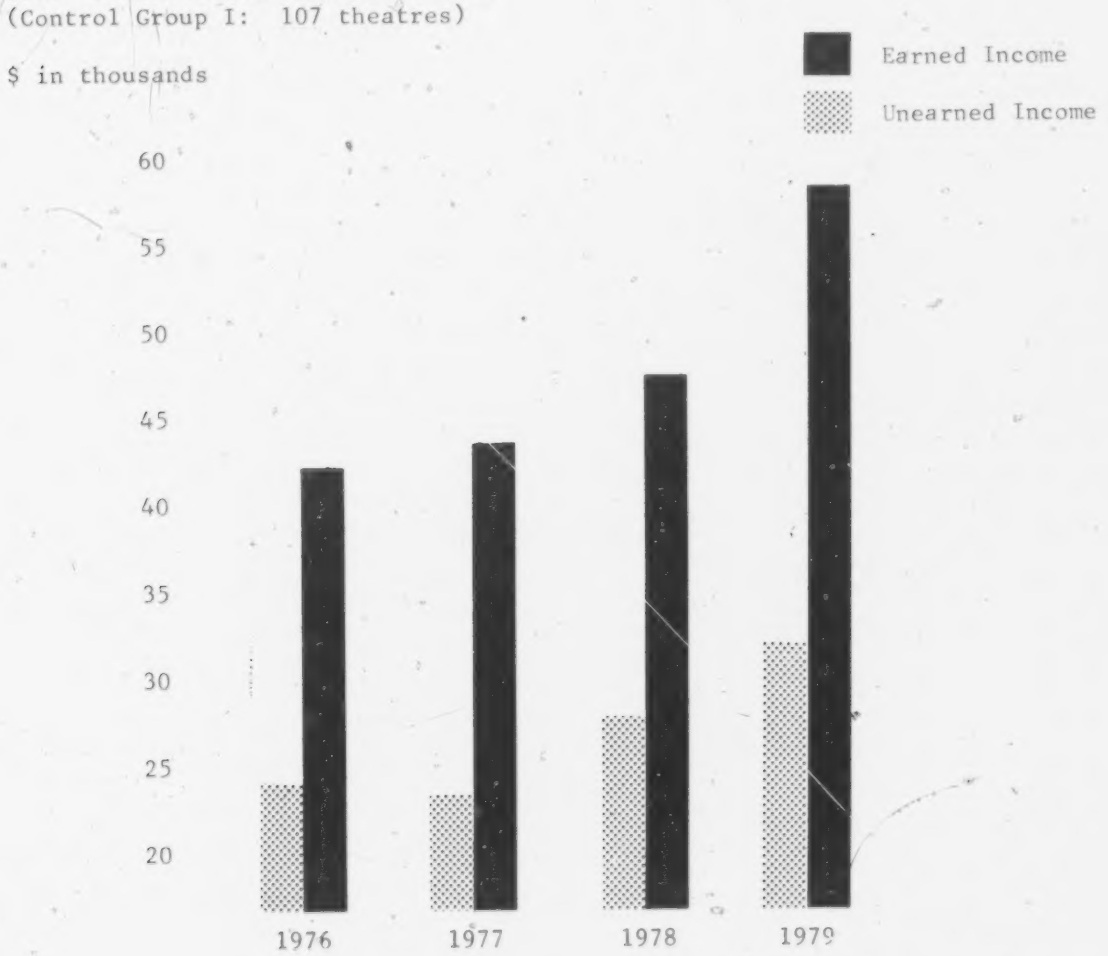


Figure 1 illustrates the growth of earned income in relation to unearned income over the four-year period. The compounded growth rate for unearned income for the 107 theatres over the four-year period was 11.6%, exceeding the 10% growth rate of earned income. Yet, this seemingly contradictory evidence is put into better perspective when we remember that earned income constitutes almost two-thirds of expenses, while unearned income is just a little over one-third. As is to be expected, the figures are not so impressive after adjusting for inflation; unearned income shows only a 2.9% growth rate and earned income only 1.3%.

Many of the smaller size theatres in this group are just beginning to expand their earned income programs, as increasing expenses cannot be covered by grants and contributions. In the past they were dependent on the unearned income sources for a major portion of their budgets, but in the future, it is clear that they will be forced to sophisticate their marketing, budgeting and long-range planning efforts, because these are the key areas in offsetting inflation's devastating impact. There is some indication that such steps have already been taken, judging from the 20% and 19% increases over 1978 in both earned income and expenses, compared to the lower 16% rise in unearned income.

The growth in earned income can be somewhat attributed to the slightly more than 4% increase in audience attendance and the almost 5% rise in the number of subscribers to these theatres. However, the number of productions mounted dropped significantly by 23% to an average of 10 per theatre compared to 13 in 1978, while the average number of performances remained constant for the same period.

TABLE 9

1976-79 AVERAGE PRODUCTION AND ATTENDANCE DATA
(Control Group I: 107 theatres)

	Averages				78-79
	1976	1977	1978	1979	% Change
Attendance	89,857	91,096	93,877	98,034	4.4%
# Subscribers	N/A	7,370	7,333	7,681	4.7
# Productions	11	12	13	10	-23.1
# Performances	249	268	285	285	0

Apparently, theatre managers had to decrease the number of productions and maintain the same number of performances in order to raise the necessary dollars in earned income and keep expenses to a minimum. Continuing to expand the audience base is vitally important to the survival of these theatres, not just to produce increased earnings, but also to develop more potential sources of unearned income. Six more theatres offered subscriptions in 1979 than in 1977, which is another indication of the theatres' desire to increase committed audience support for the future.

CONTROL GROUP II PARTICIPANTS

A Contemporary Theatre
The Acting Company
Alliance Theatre Company/Atlanta Children's Theatre
American Conservatory Theatre
American Place Theatre
Arena Stage
Asolo State Theater
Barter Theatre
Circle in the Square
Cleveland Play House
Dallas Theater Center
The Guthrie Theater
Hartford Stage Company
Indiana Repertory Theatre
Long Wharf Theatre
Loretto-Hilton Repertory Theatre
Mark Taper Forum
McCarter Theatre Company
Meadow Brook Theatre
Milwaukee Repertory Theater Company
Phoenix Theatre
Seattle Repertory Theatre
StageWest
Studio Arena Theatre
Trinity Square Repertory Company

A second group of 25 of the 157 theatres with data accumulated over a six-year period from 1974 to 1979 constitutes Control Group II. These theatres represent the larger, longer established companies of the constituency. More detailed financial and statistical information was collected from the 25 theatres to study and analyze trends of earned income, expenses and unearned income.

In terms of balancing their budgets, Control Group II appears to be in better financial position in 1979 than in previous years. For the 25 theatres, total income exceeded expenses by 1.4%, and income increased 23% from 1978, while total expenses rose 19%. This accounts for the favorable fund balance position for these theatres for 1979. However, more than half (13 of the theatres) still ended the year with a deficit, while only 11 had a surplus and one balanced income and expenses.

TABLE 10

1974-79 TOTAL INCOME AND EXPENSES
(Control Group II: 25 theatres)

In thousands	1974	1975	1976	1977	1978	1979
Earned Income	$15,352	$17,149	$18,986	$21,546	$25,051	$31,659
Total Expenses	24,183	26,783	29,372	32,912	37,673	44,879
Earned Income Gap	(8,831)	(9,634)	(10,386)	(11,366)	(12,622)	(13,220)
Unearned Income	8,310	9,952	9,765	10,080	11,951	13,862
Total Income	23,662	27,101	28,751	31,626	37,002	45,521
Income Deficit	(521)	318	(621)	(1,286)	(671)	642

TABLE 11

PERCENT CHANGE IN INCOME AND EXPENSES
(Control Group II: 25 theatres)

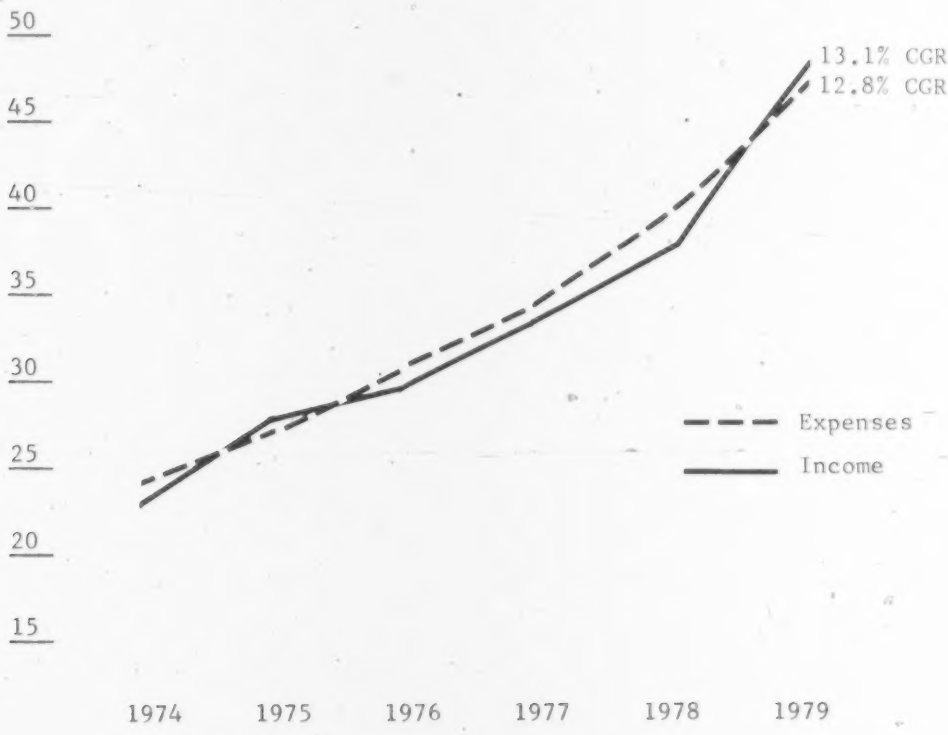
	74-75	75-76	76-77	77-78	78-79	74-79 Growth Rate
Earned Income	11.7%	10.7%	13.5%	16.3%	26.4%	15.0%
Total Expenses	10.8	9.7	12.1	14.5	19.1	12.8
Unearned Income	19.8	-1.9	3.2	18.6	16.0	9.4
Total Income	14.5	6.1	10.0	17.0	23.0	13.1

Figure 2 illustrates the close relationship between income and expenses over the six-year period. The compounded growth rate of income is 13.1% and expenses 12.8%. Given the prevailing economic conditions in recent years, it is important to adjust the income and expense figures for inflation in order to present the real growth in constant dollars of the 25 theatres for 1974-79. Total income adjusted for inflation, as shown in Figure 3, has a compounded growth rate of only 5%, compared to 13% in current dollars. Total expenses adjusted for inflation show a similar rate of growth of 4.7%. Consequently, the adjusted figures reveal that overall income is growing at a rate that is only a scant .3% higher than the rate of expenses.

FIGURE 2

1974-79 COMPOUNDED GROWTH RATE OF INCOME AND EXPENSES
(Control Group II: 25 theatres)

$ in thousands

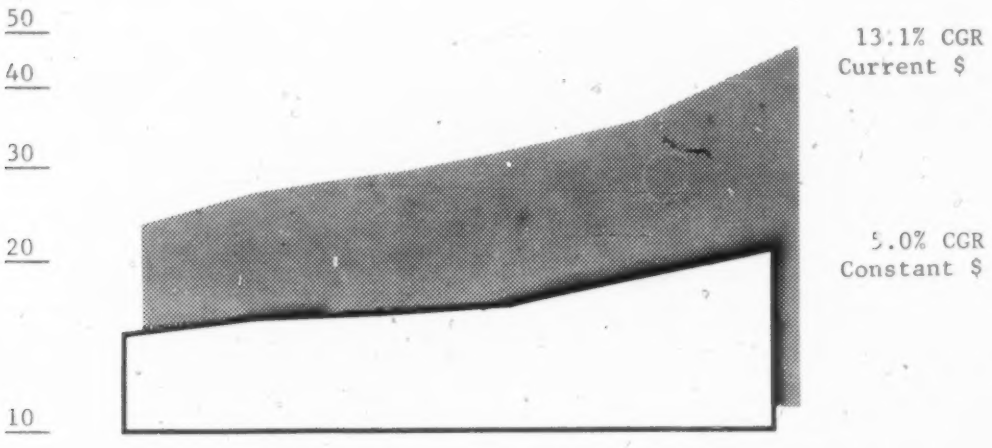


These figures indicate that the theatres in Control Group II are coming closer to narrowing the gap between income and expenses. Whether this trend holds true for future years with the continued fluctuations in the economy remains to be seen; however, the figures do illustrate that theatres are adjusting budgets

FIGURE 3

1974-79 COMPOUNDED GROWTH RATE OF INCOME ADJUSTED FOR INFLATION
(Control Group II: 25 theatres)

$ in thousands



	1974	1975	1976	1977	1978	1979
CPI	148	162.3	171.1	182.6	196.7	219.4
Current	$23,662	$27,101	$28,751	$31,626	$37,002	$45,521
Constant	$15,988	$16,698	$16,804	$17,320	$18,811	$20,748

and production activities to survive and maintain their operations during this period of recession. As the compounded growth rate indicates, these 25 theatres are doing slightly better than surviving, at least in financial terms. While there has been some real growth during the period 1974-79, it is very small considering the number of programs and performances offered by these theatres in 1979 and the relative youth of the American theatre as a national movement. The decentralized noncommercial theatre is less than 20 years old; indeed, many theatres are less than 10 years old. Yet they have managed extraordinary growth in audience, production activity and staff size in their short life span. Not surprisingly, the rate of growth in expenses and income is nearly the same, illustrating good management on the part of the theatres -- an increasing ability to "live within their means" -- but also revealing the lack of increasing support to enable theatres to make significant gains in their artistic development. Staying ahead of inflation is simply not enough for a new profession to grow to maturity. The theatres are ready to take a giant step, but the means are not there.

What is the root of the problem? One has only to look at the sources of support to understand. While earned income in the last six years has grown an average of almost 15% a year, unearned income growth in the form of grants and contributions was only a little over 9%. In constant dollars, these figures

translate to 6.7% compounded growth in earnings and only 1.5% in contributed support. That is, earned income has increased four and a half times faster than grants and contributions, and unearned income has barely grown at all in the face of inflation.

FIGURE 4

1974-79 COMPOUNDED GROWTH RATE OF EARNED AND UNEARNED INCOME
(Control Group II: 25 theatres)

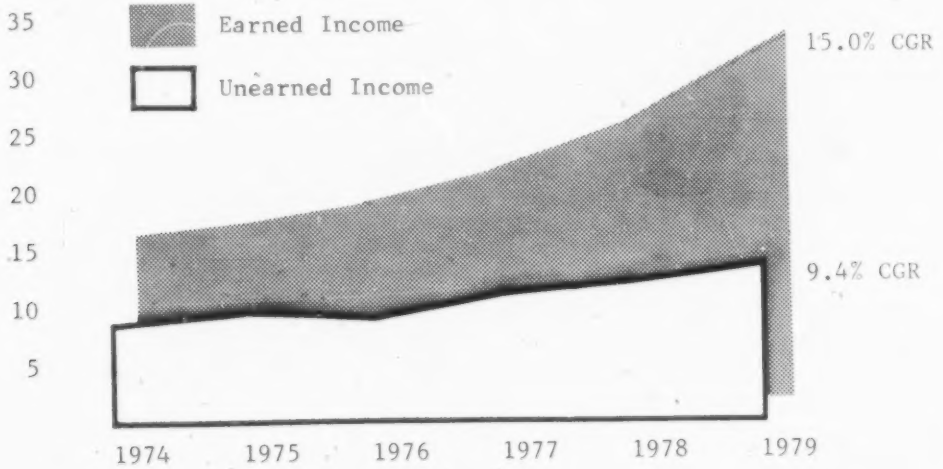
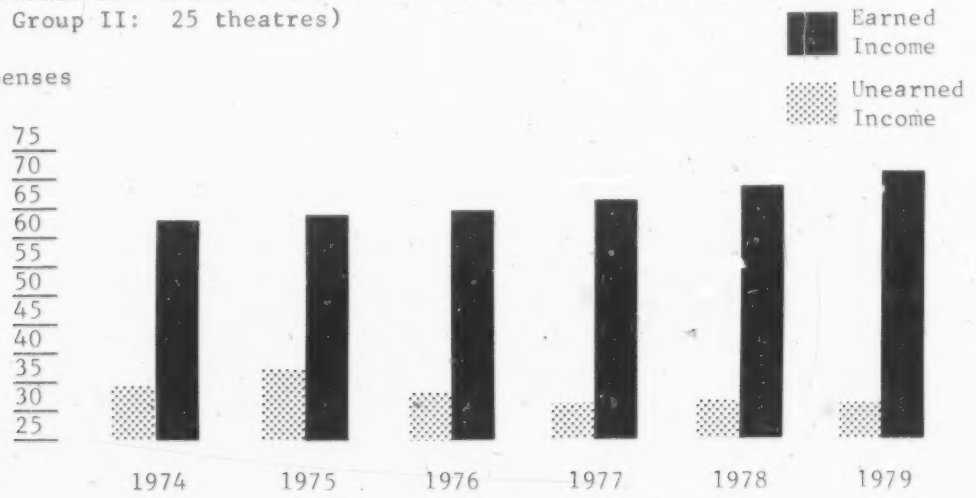


FIGURE 5

1974-79 EARNED AND UNEARNED INCOME AS A PERCENT OF EXPENSES
(Control Group II: 25 theatres)



EXPENSES

Expenses for the 25 theatres in Control Group II increased by 19% from 1978 compared to less than 15% between 1977 and 1978. Of total expenses, the amount paid in salaries and fees increased between 1978 and 1979 by 15%, which is equivalent to the compounded growth rate which was also 15% over the six-year period.

Because theatre is a labor-intensive industry, salaries continued to represent more than half of the total expenses. However, salaries as a percentage of expenses declined slightly from 58% in 1978 to 56% in 1979. This decrease in percentage of expenses is very likely the combined result of some theatres reaching an optimum size permanent staff after several years of expansion, a heavier reliance on part-time staff and guest artists, and increases in the costs of supplies, materials and services that have caused theatres to hold firm on personnel expenditures.

Artistic salaries continued to represent by far the largest area of personnel costs. However, it is interesting to note that of the three areas of salaries, the production/technical area showed the largest increase from 1978 at 37%, which was noticeably higher than the other two salary categories. Total salary costs for administration had an 18% increase between 1978 and 1979, while funds allocated to artistic salaries increased only 4%, far below the compounded growth rate of 14% over the six-year period. In fact, the percentage of expenses allocated to artistic salaries decreased almost 4% from 1978. This data shows that more new dollars were allocated to the production/technical salary area and, to some extent, to administrative salaries than were allocated to artistic salaries.

However, it is essential to remember that total salary costs are not a reliable indicator of individual salary increases and decreases, due to other factors such as the variations in the number of full-time and part-time staff members, and the percentage of time worked by part-time personnel. The total number of full-time employees increased just over 1% between 1977 and 1979, while the number of part-time employees, including actors, rose a significant 11% for the same period. These figures would suggest that full-time staffs and companies are not being expanded, and theatres are increasingly relying on jobbing in actors, short-term guest artists and temporary personnel.

In looking at individual positions, it is of interest to note that of those positions studied in a separate survey by TCG, salary increases ranged from no increase at all to a high of 26% between 1978 and 1979. The 26% increase was most unusual and occurred as a result of the upgrading of the position of development director in many theatres, further underscoring the theatres' need to improve unearned income levels. Salary increases for all but four of the 21 full-time administrative, artistic and production/technical positions studied were well below the 13% inflation rate, with managing director salaries rising only 10% between 1978 and 1979, and artistic directors up by a very scant 3% in that period. Therefore, it is safe to say that among full-time employees, most salaries are actually decreasing in terms of real dollars.

TABLE 12

1978-79 TOTAL SALARIES AND ROYALTIES
(Control Group II: 25 theatres)

In thousands	1978		1979		78-79 % Change	74-79 Growth Rate
	Total	% Exp	Total	% Exp		
Administrative	$ 6,077	16.1%	$ 7,152	15.9%	17.7%	14.4%
Artistic	11,087	29.5	11,491	25.6	3.6	13.9
Production/Technical	4,876	12.9	6,673	14.9	36.9	17.2
TOTAL SALARIES	22,039	58.5	25,316	56.4	14.9	14.8
Royalties	826	2.2	1,058	2.4	28.1	12.2

Total royalties paid to playwrights, translators, lyricists and composers increased significantly from $826,345 in 1978 to $1,058,260 in 1979. Compared to the six-year compounded growth rate of only 12%, this 28% increase between 1978 and 1979 is a clear reflection of the fact that more new works, including musicals, were being mounted in 1979 than in the past. Combining salaries and fees with royalties, we see that the total dollar amount paid to artists and personnel by the 25 theatres exceeds $26 million and represents almost 59% of expenses.

As previously mentioned, all other areas of expenses collectively showed a 2% increase to 41% of expenses in 1979 from 39% in 1978. For the six-year period, these administrative, production and program expenses had a 10% compounded growth rate, but the increase of 25% from 1978 indicates a substantial rise in the last year alone. Adjusting for inflation, non-salary expenses in constant dollars increased by 3% for the six years, while total salary costs grew by almost 7%.

EARNED INCOME

Total earned income for 1979 took a significant leap covering almost three-quarters of all expenses. This figure of 71% of expenses is much higher than in previous years, when the portion of expenses covered by earnings for the 25 theatres in Control Group II ranged from 64% to 67%. The 25 theatres earned $31.7 million from ticket sales, educational and touring programs, concessions and similar types of activities, an increase of 26% between 1978 and 1979, which is considerably higher than both the compounded growth of 15% for the period 1974-79 and the 16% increase between 1977 and 1978. Adjusting for inflation, earned income had a compounded real growth rate of 6.7%, which is well above the real growth of 5% for total income.

TABLE 13

1974-79 TOTAL EARNED INCOME
(Control Group II: 25 theatres)

In thousands	1974	1975	1976	1977	1978	1979
Subscriptions	$ 6,106	$ 6,696	$ 8,349	$ 8,877	$10,314	$11,586
Single-ticket sales	5,131	6,199	5,837	7,017	7,977	11,677
Touring Sales	1,248	1,032	1.371	1,809	1,874	1,819
Educational Programs	501	742	838	963	1,136	1,309
Booked-in Events	1,433	1,240	1,158	1,163	1,575	2,200
Other	934	1,240	1,433	1,717	2,175	3,068
TOTAL	15,353	17,149	18,986	21,546	25,051	31,659

TABLE 14

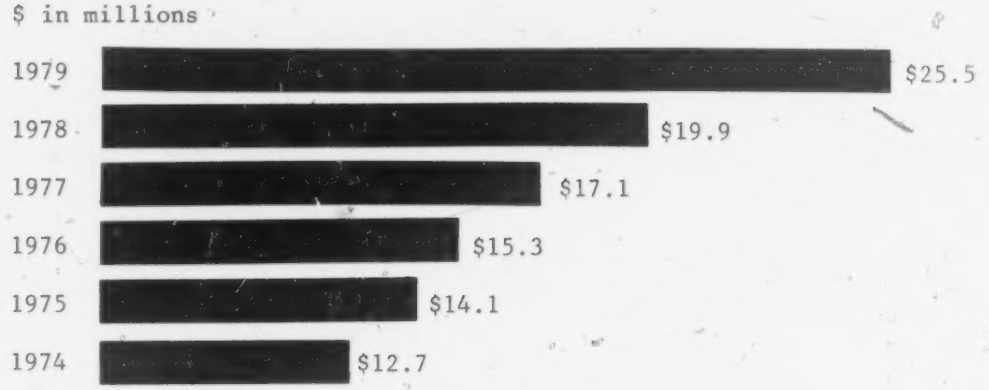
PERCENT CHANGE AND GROWTH RATE FOR EARNED INCOME
(Control Group II: 25 theatres)

	77-78	78-79	74-79 Growth Rate	74-79 Adjusted Growth Rate
Subscriptions	16.2%	12.3%	13.9%	5.7%
Single-Ticket Sales	13.7	46.4	15.5	7.2
Touring Fees	3.6	-2.9	12.0	4.0
Educational Programs	17.9	15.2	19.5	10.9
Booked-in Events	35.4	39.7	8.5	.7
Other	26.7	41.0	N/A	N/A
TOTAL	16.3	26.4	15.0	6.7

Subscriptions and sing -ticket sales combined covered approximately 52% of expenses in 1979, compared to 49% of expenses in 1978. When adding all ticket sales, including booked-in events, the percentage of expenses covered by box office sales for home events alone is a very impressive 57%. Figure 6 below illustrates the growth in subscription, single-ticket and booked-in event sales.

FIGURE 6

1974-79 TICKET SALES
(Control Group II: 25 theatres)



Attendance at these 25 theatres grew almost 5% from 1978, to over 4.6 million in 1979. Control Group II shows a very slight drop of .2% in total number of performances for the period 1978-79, but the total number of productions increased almost 11% from 1978; however, this figure includes special productions, booked-in events and staged readings that had a minimal number of performances, and sometimes as few as two performances per production. Looking at the number of mainstage productions, which had reached a high point in 1977, we see that in 1979 they dropped to 160, the same level as in 1974, the lowest in six years. Thus, a larger public is being provided with more opportunities to see a wider range of production activity, but mainstage activity has declined and fewer performances overall are being offered in order to keep theatre houses full. The success of these tactics is reflected in the increase in the mainstage percent of capacity figure which jumped from 78% in 1978 to a healthy 82% in 1979.

In the specific areas of earned income, we see that subscription income increased by 12% between 1978 and 1979, but this increase was nevertheless below the compounded growth rate of 14%, indicating that subscription growth in previous years was slightly greater. In addition, subscription income as a percentage of expenses decreased from 27% in 1978 to 26% in 1979, and the number of subscribers for the 25 theatres was up less than 2%. The percentage of capacity represented by subscribers for 1979 ranged from a low of 21% to a high of more than 90%. For some theatres, subscription sales are nearly at the sellout point, but many other theatres have not yet reached their peak in subscriptions. A factor contributing to the smaller than usual increase in subscriptions could be that people are less willing to commit their dollars to a full season of plays during this time of rampant inflation.

TABLE 15

1975-79 TOTAL PRODUCTION ACTIVITY AND AUDIENCE DATA
(Control Group II: 25 theatres)

	1975	1976	1977	1978	1979	78-79 % Change
Attendance	3,915,642	4,060,491	4,097,839	4,444,468	4,657,340	4.8
% Capacity Mainstage	80%	83%	81%	78%	82%	5.1
# Subscribers	260,484	274,443	277,443	295,717	300,079	1.5
Total # Productions	287	325	429	428	473	10.5
# Mainstage Productions	160	167	189	171	160	-6.4
Total # Performances	7,954	8,383	9,520	10,050	9,888	-1.6
# Performances on Tour	1,194	1,678	1,936	2,430	1,895	-22.0

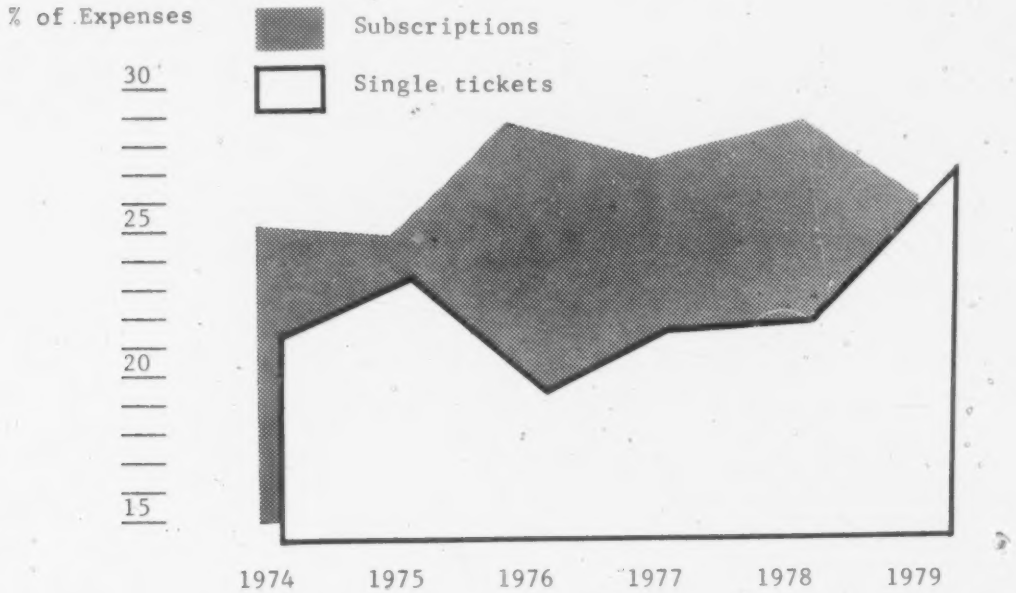
Much of the growth in percent of capacity is accounted for in single-ticket sales. Single-ticket income took a tremendous leap of 46% from 1978, way above the compounded growth rate of 16% for the six years. This large increase can be somewhat attributed to the almost 11% increase in the total number of productions mounted in these theatres between 1978 and 1979.

Because the number of mainstage productions dropped by more than 6%, one can conclude that the increase in single-ticket sales was a result of other productions such as special one-time productions, second stage series, staged readings, cabarets and children's series. Since the 5% total attendance increase at these theatres included subscribers, a rise in single-ticket prices must also have contributed to the large dollar increase in income from single-ticket sales.

Yet, the average undiscounted single-ticket price range in 1979 was $5.23 - $8.91, only slightly higher than the price range in 1978, $4.87 - $8.56. The average bottom price increase was 7%, while the top ticket price went up only 4%. The major rise in ticket sales income compared to the lower percentage increase in attendance could be caused by significant increases in the middle-range ticket prices or elimination of several prices to scale the house on a more even pricing level. The theatres' desire to keep ticket prices within the means of a broad cross-section of the public is clearly reflected; in addition to the substantial discounts offered on subscriptions, the average top ticket price for the single-ticket buyer did not even increase at the rate of the double-digit inflation for the same period.

FIGURE 7

SUBSCRIPTIONS AND SINGLE-TICKET SALES AS PERCENT OF EXPENSES
(Control Group II: 25 theatres)



Another source of earned income is touring. Sixteen of the 25 theatres, two fewer than the previous year, toured in 1979, grossing $1.82 million, a slight decrease of 3% from 1978 income. The enormous expense and administrative drain of touring, especially for the larger theatres, probably accounts for this decrease. Theatres are loath to tour unless the tours are subsidized, and as subsidy in general has decreased as a percent of expenses, less touring was possible. Consistent with the financial data, touring performances decreased from 2,430 in 1978 to 1,895 in 1979, a 22% decline. Apparently, the 25 control theatres were redirecting production and financial activity to the other areas, such as special productions and staged readings of new plays. This decrease, however, does not mean theatres are curtailing their theatre touring for the future. It must be remembered that since touring is contingent upon the availability of funds from funding agencies and sponsoring organizations, theatre touring will depend on availability of assistance from those sources.

Income from educational programs such as conservatories, training programs and activities in schools and communities was reported by 14 of the 25 theatres and showed an increase of 15% from 1978 to 1979. Approximately $1.3 million was earned in 1979 compared to the $1.1 million in 1978. The increase of 15%,

however, is below the six-year compounded growth rate of 20% for such programs, These figures indicate that educational programming is still developing, but not at the same rate as in the earlier years.

Programs or productions that are not mounted by the theatres but presented by them are considered booked-in events. This particular area made a sizable jump of 40% in dollars earned between 1978 and 1979, which is paralleled by the increase of 45% in the number of booked-in events. Compared to the 9% compounded rate of growth since 1974, the 40% increase in dollars is significant. Looking at the size of theatre operations in the section on Theatres by Budget Size, larger budget theatres are primarily responsible for this rise in booked-in events. Although only 11 of the 25 control theatres reported income in this category, earnings from this source can be said to have additional potential for the future as theatre companies increasingly raise their productivity by taking advantage of available space in their facilities. Booked-in events tend to be a good source of additional earned income, as well as an added attraction for ticket buyers.

Twelve of the 25 theatres showed income totalling $93,638 in 1979 from royalties paid by 93 sources, on 32 properties originally produced at their theatres that subsequently received productions on other stages or as films, television programs or recordings. In spite of the much discussed phenomenon that the majority of new work is developed in the nonprofit professional theatre sector, the income generated is miniscule, representing only .2% of expenses in Control Group II. Moreover, the amount earned in 1979 reflects more than a 20% dollar decrease from royalties earned in 1978. In dividing the income by the number of properties, one can see even more clearly -- the average subsidiary income from a new play was less than $3,000.

TABLE 16

1975-79 TOTAL ROYALTY INCOME*
(Control Group II: 25 theatres)

	1975	1976	1977	1978	1979
Total Income	$71,917	$78,740	$66,108	$117,548	$93,638
# of Theatres	7	10	8	10	12

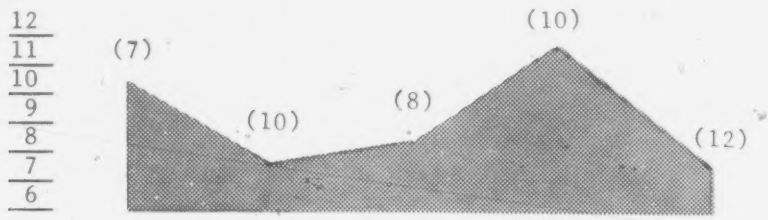
*Royalties are included in all other income tables under "other"

Figure 8 illustrates the enormous fluctuations in the dollar amount earned per theatre. It is clear that, regardless of how much new work is nurtured and generated by these theatres, earnings from future rights will never be of major consequence nationally, although a rare "hit" (in commercial terms) could indeed be a temporary windfall. Even in the case of a hit, a theatre cannot afford to be dependent on such income for long-range planning and budget projections, because it is usually not a long-term source of funds, offers absolutely no guarantees, and can even detract from fund-raising efforts by projecting a false picture of prosperity to the public and funding sources. Yet the trend toward extending the life of a new play through various means beyond its premiere production is real and will almost certainly continue in the future.

FIGURE 8

1975-79 AVERAGE ROYALTIES PER THEATRE RESPONDENT
(Control Group II: 25 theatres)

$ in thousands — Number of Theatre Respondents ( )



	1975	1976	1977	1978	1979
Average royalties	$10,274	$7,874	$8,264	$11,755	$7,803

The remaining categories of earned income are endowment income, interest, concessions, advertising and rentals of theatre space and supplies. Most of these income areas are on the increase. For example, until recently, endowments were practically unheard of for theatre companies. Not until the completion by theatres in the early 1970s of the Ford Foundation Cash Reserve Program and the inception in 1977 of the National Endowment for the Arts Challenge Grants did most theatres have any hope of establishing an endowment. In 1979, 10 of the 25 theatres reported having small cash reserve funds or endowments.

As a result of the increase in earned income between 1978 and 1979, the gap between earnings and total expenses was reduced, decreasing as a percentage of expenses from 34% in 1978 to less than 30% in 1979.

UNEARNED INCOME

Total unearned income from grants and contributions did rise by 16% from 1978 to 1979, which is greater than the compounded growth rate of 9% over the past six years; however, unearned income actually declined slightly as a percentage of expenses, and when adjusted for inflation, the real six-year growth rate is less than 2%, a much smaller increase than the healthy 7% real increase in earned income. The 25 theatres received a total of $45.5 million in grants and contributions, and there are some interesting variances in giving patterns for the various categories.

As shown in Table 17, government support which includes direct monies from federal, state and city agencies to these 25 theatres increased by more than 20% from 1978, while private giving lagged behind at 11%. Even though more total dollars were donated to these theatres from individuals, foundations, corporations and other private sources, government monies showed larger percentage increases from 1977 to 1979. However, a major portion of the increase was a result of the National Endowment for the Arts Challenge Grants, as discussed further in the section on federal government. In the private sector, corporations made the most significant increase, while individuals and foundations were responsible for smaller increases from 1978.

TABLE 17

PUBLIC AND PRIVATE SUPPORT
(Control Group II: 25 theatres)

In thousands	1974	1975	1976	1977	1978	1979	78-79 % Change
Public	$2,462	$3,338	$3,271	$3,251	$4,461	$5,369	20.4%
Private*	5,848	6,614	6,493	6,829	7,484	8,285	10.7

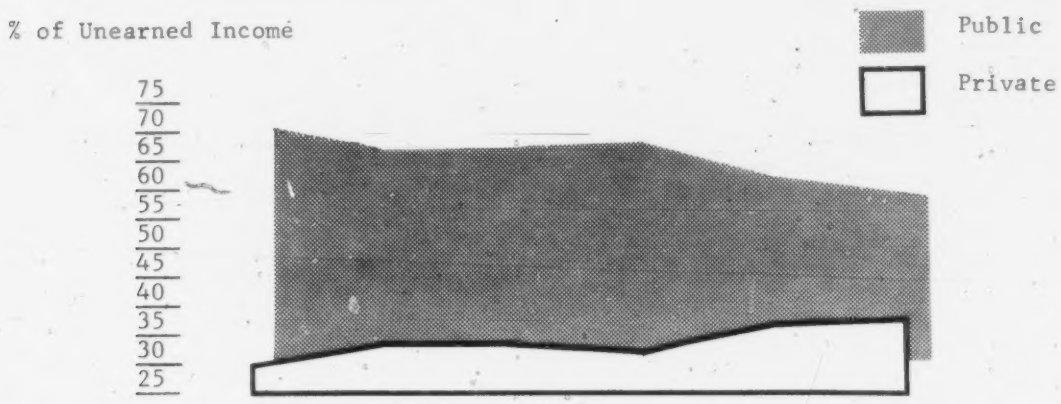
*Private excludes donated services, materials and facilities.

When comparing private and public support as a percentage of the total unearned income rather than as a percentage of expenses, one can study the relative growth patterns of the two categories of support. Public monies represented almost 39% of total unearned income in 1979, a significant increase from 30% in 1974; whereas, private monies declined from a position of 70% of all unearned income in 1974 to 60% in 1979.

Looking at the specific sources of private and public support (in Table 18), one can see more clearly the increases in government monies to the theatres compared to the smaller increases (and in one case, a decrease) in private giving.

FIGURE 9

1979 PUBLIC AND PRIVATE SUPPORT AS PERCENT OF TOTAL UNEARNED INCOME
(Control Group II: 25 theatres)



	1974	1975	1976	1977	1978	1979
Public	29.6%	33.5%	33.5%	32.3%	37.3%	38.7%
Private	70.4	66.5	66.5	67.7	62.6	59.8

TABLE 18

PERCENT CHANGE AND GROWTH RATE FOR UNEARNED INCOME
(Control Group II: 25 theatres)

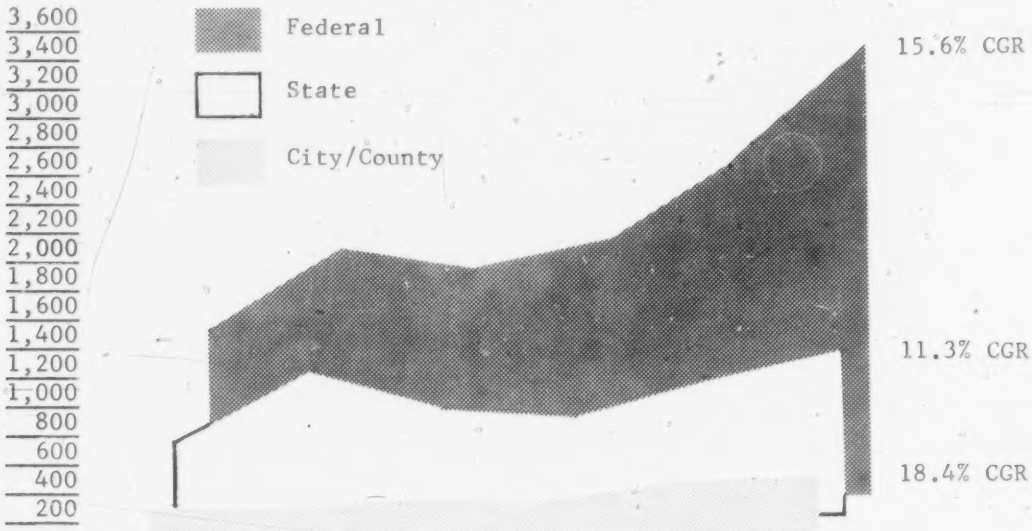
	77-78	78-79	74-79 Growth Rate	74-79 Adjusted Growth Rate
Federal Government	38.6%	26.8%	15.6%	7.2%
State Government	24.7	15.0	11.3	3.3
City/County Government	63.8	1.0	18.4	9.9
Corporations	53.0	19.7	20.6	12.0
Foundations	-16.3	18.5	-5.1	-11.9
Individuals	15.9	3.1	9.5	1.7
Other	15.6	18.3	N/A	N/A
TOTAL	18.6	16.0	9.4	1.5

Figures 10 and 11 illustrate the growth patterns of government and private giving over the six-year period.

FIGURE 10

1974-79 COMPOUNDED GROWTH RATE FOR GOVERNMENT SOURCES
(Control Group II: 25 theatres)

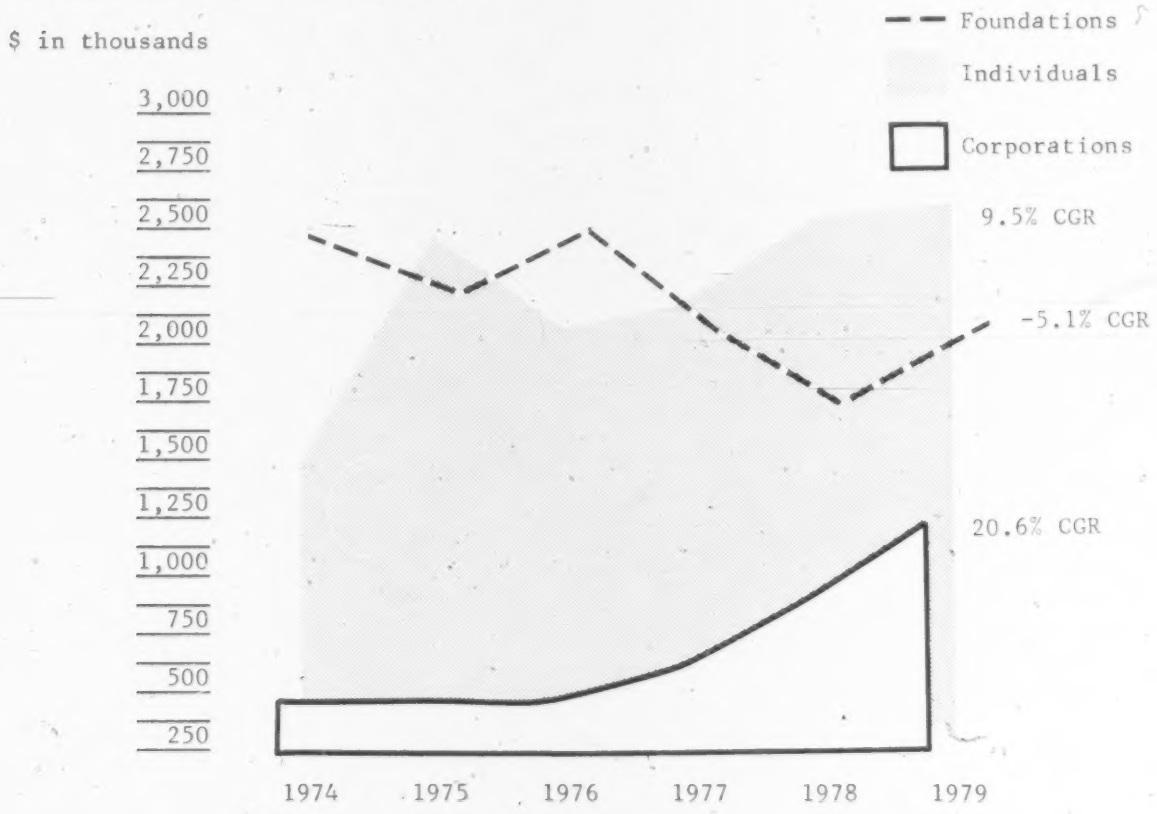
$ in thousands



	1974	1975	1976	1977	1978	1979
Federal	$1,523	$1,957	$1,884	$1,950	$2,702	$3,426
State	662	1,121	989	952	1,188	1,365
City/County	277	261	398	349	571	577

FIGURE 11

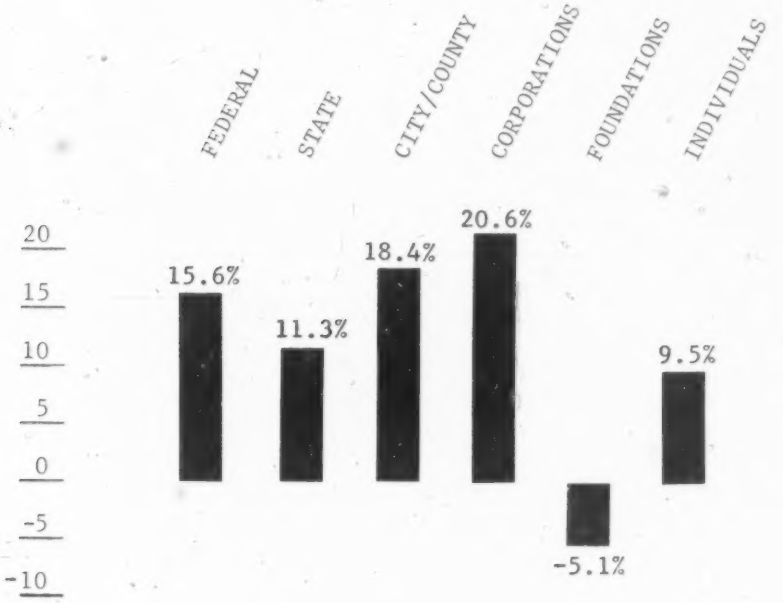
1974-79 COMPOUNDED GROWTH RATE FOR CORPORATIONS, FOUNDATIONS AND INDIVIDUALS
(Control Group II: 25 theatres)



	1974	1975	1976	1977	1978	1979
Corporations	$ 488	$ 488	$ 485	$ 627	$ 959	$1,147
Foundations	2,402	2,180	2,459	2,026	1,696	2,010
Individuals	1,455	2,394	2,024	2,190	2,538	2,618

FIGURE 12

1974-79 COMPOUNDED GROWTH RATES FOR UNEARNED INCOME SOURCES
(Control Group II: 25 theatres)



FEDERAL GOVERNMENT

The grant monies awarded to these 25 theatres totalled $3.4 million in 1979, a 27% increase from 1978, keeping the federal government in first place among all unearned income sources for the second consecutive year. But it is important to realize, as noted in the 1978 report, this increase in federal support is largely attributable to National Endowment for the Arts (NEA) Challenge Grants. Only seven of the 25 theatres received funds from this NEA program, but over 30% of total federal dollars for 1979 were in Challenge Grant monies. Without Challenge Grants, the federal government would drop to second place as a source of support. Total Challenge monies to these theatres were $1.1 million, a 99% increase from 1978; however, this one-time grant to any theatre terminates after a maximum of three years. Furthermore, the proposed FY 81 Arts Endowment appropriation projects a 22% decrease, which would mean at least $4.9 million less in total 1980 Challenge monies for the arts, and the second decrease in funding for the program in two years. (As we went to press, there were moves in Congress to decrease the Challenge Grant appropriation even further.) Obviously, new theatres cannot look to Challenge Grant funds with hope if the available monies continue to decline.

Excluding Challenge Grants, we see that, adjusted for inflation over a six-year period, Program Funds from the NEA to the 25 theatres actually declined by .2% in constant dollars over the six years, in spite of a 7.8% compounded growth rate before adjusting for inflation. One can see more clearly the lag in regular Program Funds granted to theatres when taking into account that the compounded growth rate for NEA appropriations from Congress (excluding Challenge Grants) was approximately 11%, compared to a considerably lower increase of 7.8% in grants to these theatres over the six years. In 1979, the average Program grant from NEA to these 25 larger theatres was only $92,915, and the percentage of total expenses subsidized by NEA Program Funds has declined consistently since 1975 when NEA grants represented 7.3% of expenses. Only 5.2% of expenses was covered by NEA Program Funds in 1979. Even with Challenge Grants, the federal government only assisted these theatres to the extent of 7.6% of their operating budgets.

TABLE 19

1974-79 COMPARISON OF NEA APPROPRIATIONS TO THEATRE GRANTS FROM NEA
(Control Group II: 25 theatres)

In thousands	1974	1975	1976	1977	1978	1979	74-79 Growth Rate
Program Funds*	$60,775	$74,750	$82,000	$85,000	$96,600	$109,660	11.3%
Theatre Grants	1,449	1,957	1,861	1,942	2,057	2,323	7.8
Challenge Grants	-0-	-0-	-0-	9,000	18,000	30,000	N/A
Theatre Challenge Grants	-0-	-0-	-0-	8	553	1,103	N/A

*Includes Treasury Funds

Even though there was a 14% increase between 1978 and 1979 in NEA appropriations allotted for Program Funds, the percentage change for these theatres between 1979 and 1980 was a depressing 5%. However, the proposed appropriation for 1981 represents an 11% rise to $133 million, if Congress approves the budget, which may or may not happen given the recommended cuts in the federal spending. Thus, from this data, federal government support is not expected to remain in first place among unearned income sources for the theatres in the future as Challenge Grants decline, unless substantial infusions of Program Funds are forthcoming. Of interest is the fact that the United States still lags way behind many countries in support of the arts, providing only about 71 cents per capita, compared to over $5 per capita in Canada and $6 in the Netherlands.

Unless Congress decides to vote large increases in federal arts appropriations, the United States will never begin to approach the level of support attained by our European counterparts.

STATE GOVERNMENT

State government support of $1.4 million in 1979 was 15% greater than in 1978. This increase was slightly above the 11% compounded growth rate for 1974-79, which indicates better than average growth in the last two years. However, legislative appropriations to state arts agencies for the six-year period showed a higher compounded growth rate of 16%, so grants to theatres did not increase at the same rate as appropriations over the six years. One fewer theatre received state support in 1979, for a total of 20 of the 25 theatres, and there was a small decline of 3% in the percentage of expenses covered by grants from state governments.

According to the American Council on the Arts and National Assembly of State Arts Agencies, $79.3 million was appropriated in 1979 by state legislatures to state arts agencies. This amount reflects an almost 15% increase between 1978 and 1979, which is consistent with the amount of increase received by the 25 theatres for the same period. However, some of the support reflected under state government in this survey is from CETA and from state programs other than state arts agencies, so that the increase in the theatres' direct support from the arts agencies was somewhat less than 15%. It should be noted, too, that this category represents only grants to the theatres; monies from state arts agencies for touring and other purchases of services are considered earned income.

TABLE 20

1974-79 COMPARISON OF STATE APPROPRIATIONS TO THEATRE GRANTS FROM STATE GOVERNMENT
(Control Group II: 25 theatres)

In thousands	1974	1975	1976	1977	1978	1979	74-79 Growth Rate
State Appropriations	$30,327	$58,092	$57,354	$50,397	$69,276	$79,348	16.0%
Theatre	662	1,121	989	952	1,188	1,365	11.3

Overall, the state funding picture has certainly improved. Even California, ironically known for years as a poor supporter of the arts, has just received a $7.2 million appropriation for 1980, which was a 400% increase from $1.4 million in 1979. Yet New York, the largest and oldest state arts agency (the model on which the National Endowment for the Arts was based) is threatened with little or no increase for FY 1981 as this report is being written. Currently the New York Council on the Arts has a budget of $31 million compared to $34 million five years ago. In constant dollars, this is a severe cut of approximately 33%, which is a larger decrease than any other major category in the

State's budget, according to a recent report published by the Concerned Citizens for the Arts of New York State.

CITY/COUNTY GOVERNMENT

Support from city and county governments barely changed from 1978 to 1979, showing a 1% increase, the lowest of all unearned income sources. Seven of the 25 theatres received monies from their cities, five from counties and four theatres were granted CETA funds by local government sources. Only 11 theatre companies, less than half of the total in Control Group II, were recipients of any kind of city/county support, but there was an increase of one theatre over the number receiving support in 1978. Since total city/county dollars substantially increased over the six-year period, with the exception of 1977, the compounded growth rate was a high 18%. After inflation, there was an almost 10% rate of growth, which was the second highest after corporate giving.

The discouraging difference between the compounded growth and the tiny increase between 1978 and 1979, is undoubtedly due to the financial crisis faced by many city governments in the current economy. It must be remembered that local governments are also faced with the dilemma of accelerating costs and legislative inhibitions such as California's Proposition 13. These developments pose a frightening prospect for local arts support for the future, and theatres must target some of their advocacy efforts toward their municipal governments if city/county government funding is to play any role among unearned income sources.

INDIVIDUALS

Individuals were second among the unearned income sources, growing to over $2.6 million in 1979 from $2.5 million in 1978; however, this growth is not significant enough. Only a 3% increase occurred, which was far below both the encouraging 16% increase that had taken place between 1977 and 1978 and the compounded growth of almost 10% over the six-year period. Adjusting for inflation we have an even more discouraging picture; there was less than a 2% compounded growth rate in constant dollars between 1974 and 1979.

Even though individual contributions account for over 80% of all philanthropy in America, the 25 theatres present data that indicate support from individuals is not keeping pace with their other sources of income. The only area that has a lower compounded growth rate is foundations. As a percentage of expenses, individual donations dropped to 6% from 7% in 1978, the lowest it has ever been over the six years, with the exception of 1974.

Theatres are becoming increasingly aware of the need for development and sophistication in the fund-raising area, and many are beginning to employ professional development directors and staff to implement the necessary strategies to acquire more contributions. Many experts point out that individual support will not necessarily drastically decline during times of rapid inflation, but the key to survival is to channel development efforts in such a way as to increase both the amount of the donations and the number of new donors. Theatres are working to develop their fund-raising skills, but they need to concentrate

further on these areas. During this period of tight budgetary control, development directors and managers are being forced to focus more on current and past donors than on future prospects until the additional dollars become available.

The subject of the increased standard deduction for individuals has stirred the nonprofit sector into studying the amount of dollars lost as a result of individuals not itemizing their deductions on their federal income tax returns. It has been reported by Harvard University economics professor Martin Feldstein that a loss of approximately $5 billion occurred between 1970 and 1978, and if Congress had adopted the Fisher-Conable bill in 1978, charitable donations would have risen by $4.1 billion in annual giving. The American Arts Alliance has joined the Coalition of National Voluntary Organizations in support of the Fisher-Conable bill (and its Senate counterpart, the Moynihan-Packwood bill), which provides for a tax deduction for charitable contributions whether or not the taxpayer itemizes deductions.

In comparing real growth of 2% in contributions from individuals to the 7% real growth rate in total earned income, one can conclude that the private citizen seems to have been more willing to part with money to purchase tickets during the most recent years than to donate gifts. It should be added here that approximately 30,571 individuals made contributions to these 25 theatres in 1978 as opposed to 29,078 in 1978, which does not represent a very high increase in the number of gifts, so broadening the base of support remains a key factor in prospects for significantly increasing individual support in the future.

FOUNDATIONS

As in 1978, foundations continued to hold third place as a source of funding. However, while there had actually been a decline in dollars between 1977 and 1978, foundation support increased by a quite healthy 19% from 1978 to 1979. Over $2 million was given to these 25 theatres in 1979, compared to $1.7 million in 1978. Foundations maintained a level equal to 4.5% of expenses for the last two years, but this percentage is a significant decrease from the earlier years.

The fluctuations in foundation giving have caused a decline of 5% in the compounded growth rate since 1974, which increases to a staggering negative 12% when adjusted to real dollars. This negative growth signifies the radical changes in foundation support to the theatres over the six years. Hopefully, the encouraging increase between 1978 and 1979 is a good sign; however, given the effects of the current state of the economy on foundation portfolios and the fact that few foundations now have major programs in the arts, the prospects for increased foundation support in the future remain bleak.

CORPORATIONS

Corporate support is still rising, revealing a 20% increase between 1978 and 1979. This increase is almost equivalent to the 21% compounded rate of growth, which means that corporate gifts in the past year have kept pace with the six-

year growth rate for 1974-79. Of significant interest, corporations also showed a 12% growth rate in constant dollars for six years, the highest increase among all earned and unearned income sources. This increase occurred mainly in the most recent years, 1977-79. While the picture is promising and certainly improving, corporate grants are still very hard to come by for most theatres. Corporate gifts accounted for less than 3% of expenses, and the average corporate grant is still very small indeed -- 1,375 corporations gave $1.1 million to the 25 theatres in 1979, making the average grant slightly more than $830, compared to the average grant from foundations of almost five times that amount.

Of interest, too, is the fact that, according to the American Association of Fund-Raising Counsel, the most significant increase in total corporate support for all charitable organizations in 1979 was reported in matching employee gifts, rather than direct grants. The Conference Board's report, ANNUAL SURVEY OF CORPORATE CONTRIBUTIONS, 1978, announced that $693.2 million was given by 759 companies in 1978. Approximately 1% of the corporations' net income of the 5% permitted by law was given to all philanthropic causes in 1978. This figure suggests that there is still a great deal of room for improvement.

OTHER UNEARNED INCOME

The remaining unearned income sources for Control Group II theatres include fund-raising events and guilds; united arts fund drives; and donated services, materials and facilities. Collectively, these sources represented 6% of expenses for a total of $2,717,728 in 1979. Fund-raising events showed a 23% increase from 1978, the highest increase among all other unearned income sources. United arts fund drives showed a total amount of over $1.7 million in 1979 for 10 theatre companies compared to almost $1.5 million in 1978.

Many funding sources also gave monies to subsidize programs administered by the 25 theatres in Control Group II. In other words, besides donating dollars for support of productions and operations, they also partially subsidized such services as touring and educational programs. Federal, state, city/county, corporation and foundation funding for those programs are considered "purchases of services," and, consequently, are included under earned income. Approximately $1.1 million was received by the 25 theatres for touring and educational activities in 1979 from those sources, with about half of the monies coming from state arts agencies.

THEATRES BY BUDGET SIZE

THEATRES BY BUDGET SIZE

A Contemporary Theatre
The Acting Company
Actors Theatre of Louisville
Alliance Theatre Company/Atlanta Children's Theatre
American Conservatory Theatre
American Place Theatre
Arena Stage
Arizona Theatre Company
Asolo State Theater
Barter Theatre
Center Stage
The Children's Theatre Company
Cincinnati Playhouse in the Park
Circle in the Square
Circle Repertory Company
Cleveland Play House
Dallas Theater Center
Folger Theatre Group
Goodman Theatre
Great Lakes Shakespeare Festival
The Guthrie Theater
Hartford Stage Company
Hartman Theatre Company
Indiana Repertory Theatre
Long Wharf Theatre
Loretto-Hilton Repertory Theatre
Manhattan Theatre Club
Mark Taper Forum
McCarter Theatre Company
Meadow Brook Theatre
Milwaukee Repertory Theater Company
New York Shakespeare Festival
Old Globe Theatre
Oregon Shakespearean Festival
Philadelphia Drama Guild
Phoenix Theatre
Pittsburgh Public Theater
Playmakers Repertory Company
Playwrights Horizons
St. Nicholas Theater Company
Seattle Repertory Theatre
South Coast Repertory
StageWest
Studio Arena Theatre
Syracuse Stage
Theatre Arts of West Virginia
Trinity Square Repertory Company
Yale Repertory Theatre

Forty-eight of the larger theatres among the 157 participating were surveyed for detailed financial and production statistics for 1979. As a group they represent 71% of the total combined expenses for all 157 Constituency theatres included in this survey.

The 48 theatres studied here, all with expenses in excess of $350,000, were divided into four budget groups to allow comparison among different size operations. Table 21 provides the average dollar amount, percentage of expenses and the number of theatres in each of the following budget groups:

Group 1: Over $2 million
Group 2: $1.5 - $2 million
Group 3: $1 - $1.5 million
Group 4: $350,000 - $1 million

Some highlights comparing the effect of theatre budget sizes on key financial and statistical information follow.

Group 2 reflects the most impressive percentage of expenses covered by earned income from all sources, at 71%, followed by Group 1 with 67%, Group 3 with 63% and Group 4 trailing with 53%. Group 2 also tallied the highest percentage of expenses covered by box office income alone, with combined subscription and single-ticket sales totalling 54%. The largest theatres, those comprising Group 1, were the only ones that showed income from single tickets exceeding subscription income, with 29% of expenses covered by single tickets and only 17% by subscriptions. Therefore, it can be said that the larger theatres, generally those with the largest seating capacities, seem to be the least dependent on subscription sales, while the mid-size theatres in Groups 2 and 3 are the most dependent on subscriptions, with 39% and 32% of expenses covered by this source. Group 4, the smallest theatres, reflect a far lower percentage of expenses covered by subscriptions with 22%, probably attributable to the fact that they have fewer resources and less experience with which to mount subscription campaigns, increasing their dependence on the less reliable sale of single tickets, which covered 18% of expenses.

Looking at Table 22, one can see that Group 1 had the highest average attendance, number of subscribers, ticket prices, total productions and total number of performances of any group. And yet, Group 2 showed the highest attendance as a percentage of seating capacity for both the mainstage audience as a whole and for subscribers.

The reason for the greater number of total performances in Group 1 is a result of substantially more touring and mainstage activity. Groups 1 and 2 also showed the highest number of booked-in events, generally indicating that because of the larger facilities and administrative staffs, they are better equipped to handle these additional programs.

TABLE 21

1979 INCOME AND EXPENSES
(Theatres by Budget Size: 48 theatres)

	GROUP 1 (6 theatres)		GROUP 2 (7 theatres)	
EARNED INCOME	Average	% Exp	Average	% Exp
Subscriptions	$ 832,805	16.74%	$ 654,617	38.79%
Single Tickets	1,424,064	28.60	253,533	15.02
Touring	79,294	1.59	42,034	2.49
Educational Programs	128,972	2.59	51,855	3.07
Booked-in Events	264,049	5.31	72,074	4.27
Interest & Dividends	99,270	2.00	28,123	1.67
Endowment Income	30,091	.60	7,557	.45
Royalties	19,618	.39	2,583	.15
Concessions	135,410	2.72	22,820	1.35
Advertising	30,439	.61	14,678	.87
Rentals	22,250	.45	9,347	.55
Other	252,216	5.07	39,271	2.33
TOTAL EARNED INCOME	3,318,478	66.72	1,198,491	71.02
EXPENSES				
Salaries/Fees/Fringe Benefits				
Administrative	810,174	16.29	321,860	19.07
Artistic	1,252,933	25.19	390,708	23.15
Production/Technical	803,624	16.16	222,098	13.16
Total Salaries	2,866,732	57.64	934,666	55.38
Royalties	98,528	1.98	39,204	2.32
All Other Expenses	2,008,526	40.38	713,738	42.29
TOTAL EXPENSES	4,973,786	100.00	1,687,607	100.00
EARNINGS SURPLUS (GAP)	(1,655,309)	33.28	(489,116)	28.98
UNEARNED INCOME				
Federal Government				
NEA Programs	172,833	3.47	83,767	4.96
NEA Challenge	155,227	3.12	3,766	.22
Total Federal	328,061	6.60	87,533	5.19
State Government	96,667	1.94	47,579	2.82
City/County Government	103,660	2.08	21,029	1.25
Corporations	122,943	2.47	34,418	2.04
Foundations	188,383	3.79	66,067	3.91
Individuals	246,440	4.95	101,808	6.03
Fund-raising Events/Guilds	41,071	.83	26,332	1.56
United Arts Fund	145,511	2.93	41,786	2.48
Donated Services/Materials/ Facilities	0	.00	8,387	.50
Other	0	.00	50,714	3.01
TOTAL UNEARNED INCOME	1,272,735	25.59	485,653	28.78
TOTAL INCOME	4,591,213	92.31	1,684,145	99.79
INCOME SURPLUS (DEFICIT)	(382,574)	7.69	(3,462)	.21

Note: Discrepancies in some totals are caused by the effect of rounding off.

GROUP 3 (17 theatres)		GROUP 4 (18 theatres)	
Average	% Exp	Average	% Exp
$ 387,049	31.70%	144,514	22.08
202,263	16.56	120,269	18.38
64,253	5.26	25,361	3.87
35,430	2.90	9,302	1.42
8,709	.71	1,516	.23
16,734	1.37	3,734	.57
511	.04	0	.00
1,205	.10	19,499	2.98
11,508	.94	5,386	.82
12,356	1.01	6,616	1.01
7,570	.62	5,302	.81
17,937	1.47	5,235	.80
765,523	62.69	346,733	52.98
209,069	17.12	119,941	18.33
319,114	26.13	189,291	28.92
184,206	15.08	74,171	11.33
712,389	58.34	383,403	58.58
28,821	2.36	10,730	1.64
479,920	39.30	260,344	39.78
1,221,130	100.00	654,477	100.00
(455,606)	37.31	(307,745)	47.02
76,571	6.27	31,064	4.75
4,238	.35	12,500	1.91
80,809	6.62	43,564	6.66
39,393	3.23	60,685	9.27
23,775	1.95	17,086	2.61
45,413	3.72	16,465	2.52
74,077	6.07	78,993	12.07
84,597	6.93	46,913	6.77
17,387	1.42	8,876	1.36
52,262	4.28	5,500	.84
44,106	3.61	26,877	4.11
0	.00	18,162	2.77
461,819	37.82	320,514	48.97
1,227,343	100.51	667,247	101.95
6,213	.51	12,770	1.95

TABLE 22

AUDIENCE AND PRODUCTION DATA
(Theatres by Budget Size: 48 theatres)

	AVERAGES			
AUDIENCE	GROUP 1	GROUP 2	GROUP 3	GROUP 4
Attendance	749,345	197,460	144,784	70,440
% of Capacity, Mainstage	81%	86%	85%	74%
# Subscribers	18,113	14,884	12,022	4,890
% of Capacity, Subscribers	38%	74%	61%	48%
Ticket Low	$6.83	$4.85	$4.60	$4.83
Ticket High	$10.65	$8.31	$8.73	$7.86
PRODUCTION				
Mainstage Productions	8	7	6	6
Second Stage Productions	4	2	2	2
Booked-in Events Productions	8	12	2	1
Staged Readings	5	3	1	2
Other	2	2	2	1
TOTAL PRODUCTIONS	27	26	13	12
Mainstage Performances	382	239	226	173
Second Stage Performances	51	64	27	24
Touring Performances	373	67	76	46
Other	180	37	15	29
TOTAL PERFORMANCES	986	407	344	272

In the area of expenses, all groups allocated the largest portion of salaries to artistic personnel, followed by administrative staff and production/technical employees. Group 4 paid the largest percentage of expenses in artistic salaries, or 29%. Group 4 also had the highest percentage earnings gap of all four groups, at 47% of expenses, making these theatres relatively more dependent on grants and contributions than any other group. Group 2 had the lowest percentage gap between earned income and expenses. Group 4 ranked the highest in percentage of expenses represented by unearned income, with 49% of expenses covered by grants and contributions, and the lowest in terms of earned income percentage. Group 1 theatres covered the smallest percentage of expenses through grants and contributions at 26%.

Among the unearned income sources, federal government support ranked first as a source of support in total dollars for Group 1 theatres; however, federal support accounted for a higher percentage of expenses in Group 4 than in any other group. The average NEA Program Grant received by Group 1 theatres was $172,833 which covered only 4% of expenses, compared to $83,767 (5% of expenses) in Group 2, $76,571 (6% of expenses) in Group 3 and $31,064 (5% of expenses) in Group 4.

Ten theatres in Group 1 received NEA Challenge Grants, as did one Group 2 theatre, three Group 3 theatres and four Group 4 theatres. It is of interest that the smallest theatres, those in Group 4, ranked second in both the number of theatres receiving Challenge Grants and the average dollar amount of these grants. The average grant size for those receiving Challenge Grants in Group 1 was $465,682; Groups 2 and 3 averaged $26,361 and $24,013, compared to the Group 4 average of $56,250.

In the area of state government funding, it should be noted that Group 4 showed that the 17 smallest theatres received grants covering the highest percentage of expenses of all groups, at 9%. The average dollar amount in state funding to Group 4 theatres was $60,685; only Group 1 had a higher average amount. State government was the second largest source of support for Group 4 theatres but ranked very low in all other groups.

Foundation support covered 12% of expenses in Group 4, which exceeded the percentage for all other groups, and foundations ranked first as a source of support to this group of the smaller theatres. The average dollar amount from foundation sources was $78,993 for Group 4 theatres, which exceeded the average for the theatres in both Groups 2 and 3.

The largest theatres in Groups 1 and 2 collectively ended the year in the red, while the smaller theatres in Groups 3 and 4 finished in the black. However, in Groups 1 and 2, seven theatres had income surpluses and six had deficits, whereas, in spite of the overall surplus position, Groups 3 and 4 had more theatres (eight in Group 3 and 10 in Group 4) with year-end deficits.

APPENDICES

APPENDIX A

CONSTITUENCY PARTICIPANTS

ALABAMA
Alabama Shakespeare Festival

ALASKA
Alaska Repertory Theatre

ARIZONA
Arizona Theatre Company
The Invisible Theatre

ARKANSAS
Arkansas Repertory Theatre

CALIFORNIA
American Conservatory Theatre
Berkeley Repertory Theatre
Berkeley Stage Company
California Actors Theatre
Dell'Arte
East West Players
El Teatro Campesino
Julian Theatre
Los Angeles Actors' Theatre
The Magic Theatre
Mark Taper Forum
Odyssey Theatre Ensemble
Old Globe Theatre
Provisional Theatre
South Coast Repertory

COLORADO
The Changing Scene
Germinal Stage Denver

CONNECTICUT
Downtown Cabaret Theatre
Hartford Stage Company
Hartman Theatre Company
Long Wharf Theatre
O'Neill Theater Center
Yale Repertory Theatre

DISTRICT OF COLUMBIA
Arena Stage
Folger Theatre Group
Living Stage

FLORIDA
Asolo State Theater
Florida Studio Theatre
Hippodrome Theatre Workshop
Palisades Theatre Company
Players State Theatre

GEORGIA
Alliance Theatre Company/Atlanta Children's Theatre

HAWAII
Honolulu Theatre for Youth

IOWA
Old Creamery Theatre Company

ILLINOIS
Body Politic Theatre
Free Street Theater
Goodman Theatre
New American Theater
North Light Repertory Company
Organic Theater Company
Performance Community
St. Nicholas Theater Company
Travel Light Theatre
Victory Gardens Theater
The Wisdom Bridge Theatre

INDIANA
Indiana Repertory Theatre

KENTUCKY
Actors Theatre of Louisville
Horse Cave Theatre
Stage One: The Louisville Children's Theatre

LOUISIANA
Otrabanda Company

MAINE
Portland Stage Company

MARYLAND
Center Stage

MASSACHUSETTS
The Boston Arts Group
Boston Shakespeare Company
The Cambridge Ensemble
Music-Theatre Performing Group/
Lenox Arts Center
StageWest
Williamstown Theatre Festival
Worcester Foothills Theatre
Company

MICHIGAN
BoarsHead Theater
Meadow Brook Theatre

MINNESOTA
Actors Theatre of St. Paul
The Children's Theatre Company
The Cricket Theatre
The Guthrie Theater
The Playwrights' Lab

MISSOURI
Loretto-Hilton Repertory Theatre
Missouri Repertory Theatre
Theatre Project Company

NEBRASKA
Nebraska Theatre Caravan
Omaha Magic Theatre

NEW HAMPSHIRE
American Stage Festival
Theatre by the Sea

NEW JERSEY
George Street Playhouse
McCarter Theatre Company
New Jersey Shakespeare
Festival
The Whole Theatre Company

NEW YORK CITY
The Acting Company
AMAS Repertory Theatre
American Place Theatre
Chelsea Theater Center
Circle in the Square
Circle Repertory Company
Colonnades Theatre Lab
CSC Repertory
Ensemble Studio Theatre
The First All Children's Theatre
Company
The Frank Silvera Writers'
Workshop
The Hudson Guild Theatre
Impossible Ragtime Theatre
Interart Theatre
Jean Cocteau Repertory
Lion Theatre Company
Mabou Mines
Manhattan Theatre Club
Medicine Show Theatre Ensemble
National Black Theatre
National Shakespeare Company
Negro Ensemble Company
The New Dramatists
New York Shakespeare Festival
Ontological-Hysteric Theater
The Paper Bag Players
PART (Performing Arts Repertory
Theatre)
The Performance Group
Phoenix Theatre
Playwrights Horizons
Puerto Rican Traveling Theatre
Company
Repertorio Espanol
Richard Morse Mime Theatre
The Ridiculous Theatrical
Company
Soho Repertory Theatre
Theater for the New City
Theater of the Open Eye

NEW YORK STATE
Cohoes Music Hall
GeVa Theatre
PAF Playhouse
Periwinkle Productions
The Street Theater
Studio Arena Theatre
Syracuse Stage

NORTH CAROLINA
Playmakers Repertory Company

OHIO
Cincinnati Playhouse in the Park
Cleveland Play House
Great Lakes Shakespeare Festival
Karamu House

OKLAHOMA
American Theatre Company

OREGON
Oregon Shakespearean Festival

PENNSYLVANIA
The Independent Eye
The Iron Clad Agreement
Lovelace Theatre Company
Philadelphia Drama Guild
Pittsburgh Public Theater
Theatre Express

RHODE ISLAND
Looking Glass Theatre
The Puppet Workshop
Trinity Square Repertory Company

SOUTH CAROLINA
Stage South

TENNESSEE
The Play Group
Playhouse on the Square

TEXAS
Dallas Theater Center

VIRGINIA
Barter Theatre
Virginia Museum Theatre
Wayside Theatre

WASHINGTON
A Contemporary Theatre
The Empty Space Theatre
Intiman Theatre Company
Seattle Repertory Theatre

WEST VIRGINIA
Theatre Arts of West Virginia

WISCONSIN
The Great-American Children's Theatre Company
Milwaukee Repertory Theater Company
Theatre X

APPENDIX B

SURVEY QUESTIONNAIRE FOR CONTROL GROUP II AND THEATRES BY BUDGET SIZE

FOR OFFICE USE ONLY

1	2	3	4	5	6	7	8		

TCG SURVEY 1979

Name of Theatre

			to								
mo		day	yr	mo		day	yr				

Indicate dates of most recently completed fiscal year. Data from this period should be entered on this questionnaire and an audit for the same period must accompany this completed form. If your theatre operates in conjunction with an arts institute, museum or school, and you do not have a separate audit, please send us your theatre's internal financial statement.

1. Please read the enclosed set of instructions while answering this questionnaire.
2. Please round off all figures to the nearest dollar, except for ticket prices.
3. Please use commas to separate hundreds from thousands, and do not change any line items or the format of this questionnaire.
4. Please indicate "Net" on any line where a net amount appears, but do not use a net figure unless it has also been netted in your audit.
5. Please type the completed questionnaire and return to TCG by the above deadline. Be sure to make a copy for your files.

SCHEDULE A: PERSONNEL

NUMBER OF EMPLOYEES:

Employee Type	# Administrative	# Non-acting Artistic	# Actors	# Production/ Technical	# Total
1 Season					
2 Part-time/Jobbed-in					
3 Total Paid Employees					
4 Volunteers					

SCHEDULE C: INCOME AND EXPENSES

EARNED INCOME			
101 Subscriptions			$
102 Single-Tickets			
Touring:			
103 Ticket Sales/Fees		$	
104 Federal			
105 State			
106 City/County			
107 Corporations			
108 Foundations			
109 Total Touring (sum of lines 103-108)			$
Educational Programs:			
Schools/Community Services			
110 Fees		$	
111 Federal			
112 State			
113 City/County			
114 Corporations			
115 Foundations			
Training Programs			
116 Tuition/Fees		$	
117 Federal			
118 State			
119 City/County			
120 Corporations			
121 Foundations			
122 Total Educational Programs (sum of lines 110-121)			$
123 Booked-In Events			
124 Interest and Dividends			
125 Endowment Income			
126 Royalties (# Properties) (# Sources)			
127 Concessions			
128 Advertising			
129 Rentals			
130 Other (specify)			
131 TOTAL EARNED INCOME (sum of lines 101,102,109,122-130)			
EXPENSES			
Salaries/Fees/Fringe Benefits:			
201 Administrative		$	
202 Artistic			
203 Production/Technical			
204 Total Salaries/Fees/Fringe Benefits (sum of lines 201-203)			$
205 Royalties (# Properties)			
206 All Other Expenses			
207 TOTAL EXPENSES (sum of lines 204-206)			
208 EARNINGS SURPLUS (GAP) (line 131 minus 207)			

SCHEDULE C (cont'd): INCOME AND EXPENSES

UNEARNED INCOME			
Federal Government:			
301 NEA Programs		$	
302 NEA Challenge			
303 NEH			
304 Other			
305 Total Federal Government (sum of lines 301-304)			$
State Government:			
306 State Arts Agencies		$	
307 CETA			
308 Other			
309 Total State Government (sum of lines 306-308)			$
City/County Government:			
310 City		$	
311 County			
312 CETA			
313 Total City/County Government (sum of lines 310-312)			$
314 Corporations (# Sources)			
315 Foundations (# Sources)			
Individuals:			
316 Members (# Members)		$	
317 Donors (# Donors)			
318 Total Individuals (sum of lines 316-317)			$
319 Fundraising Events/Guilds			
United Arts Fund:			
320 Individuals		$	
321 City/County			
322 Corporations			
323 Foundations			
324 Total United Arts Fund (sum of lines 320-323)			$
Donated Services/Materials/Facilities:			
325 Individuals		$	
326 Corporations			
327 State CETA			
328 City/County CETA			
329 Sheltering Organizations			
330 Other			
331 Total Donated Services/Materials/Facilities (sum of lines 325-330)			$
332 Other (specify)			
333 TOTAL UNEARNED INCOME (sum of lines 305,309,313-315,318,319,324,331,332)			
334 TOTAL INCOME (sum of lines 131 and 333)			
335 INCOME SURPLUS (DEFICIT) (line 334 minus 207)			

401 Operating Fund Balance Beginning of Year	$
402 Operating Fund Additions (Deductions)	
403 Operating Fund Balance End of Year (sum of lines 335,401,402)	

Other Fund Balances End of Year	Board Designated	Donor Restricted
404	$	$
405		
406		
407		

408 In-Kind:

409 Footnotes:

SCHEDULE D: AUDIENCE AND PRODUCTION ACTIVITY

	A Number of Productions	B Total Number of Performances	C Total Attendance	D Paid % of Capacity	E Number of Subscribers	F % of Capacity Represented by Subscribers	G Total # of Available Seats
IN RESIDENCE:							
52 Mainstage Series							
53 Mainstage Series							
54 Second Stage Series							
55 Staged Readings							
56 Booked-In Events							
57 Other (specify) _____ _____							
58 Total In Residence (sum of lines 52-57)							
ON TOUR:							
59 Mainstage on Tour	( )						
60 Second Stage on Tour	( )						
61 Productions Mounted to Tour							
62 Total On Tour (sum of lines 59-61)							
63 GRAND TOTAL (sum of lines 58&62)							

64 Tours within the state: # performances _____
communities _____

65 Out-of-state tours: # performances _____
communities _____
names of states _____
_____

66 International tours: # performances _____
communities _____
names of countries _____
_____

SCHEDULE D (cont'd): AUDIENCE AND PRODUCTION ACTIVITY

67 Indicate mainstage single-ticket price range without discounts: $_____ - $_____

68 Indicate mainstage subscription series price range: $_____ - $_____

69 Indicate mainstage subscription discount range: _____% - _____%

70 Indicate season's potential gross from subscriptions and single-ticket sales for all resident performances excluding booked-in events: $_____

71 Indicate total number of weeks this year one or more public performances were presented: _____ weeks

72 Indicate which unions had jurisdiction over or had working agreements with your theatre during the year:

Equity _____ _____ ATPAM_____ AFM_____
(type) (category)

USA_____ SSD&C_____ IATSE_____ Other (specify)_____

73 Footnotes

_____ _____
Signature of Managing Director Date

_____ _____
Name of person completing this questionnaire (please print) Title

APPENDIX C

SHORT FORM QUESTIONNAIRE FOR CONSTITUENCY AND CONTROL GROUP I

FINANCIAL DATA

FISCAL YEAR: _____ to _____ Theatre _____
mo day yr mo day yr

1. TOTAL EARNED INCOME (includes ticket sales, touring fees, educational programs, interest, royalties, concessions, etc.)	$_____
2. TOTAL EXPENSES	$_____
3. EARNINGS SURPLUS (GAP) (line 1 minus 2)	$_____
4. TOTAL UNEARNED INCOME (includes grants and contributions, fundraising events, donated services/ materials/facilities, etc.)	$_____
5. TOTAL INCOME (sum of lines 1 and 4)	$_____
6. INCOME SURPLUS (DEFICIT) (line 5 minus 2)	$_____

PRODUCTION AND AUDIENCE DATA

Series	#Productions	#Performances	Attendance	#Subscribers
7. Mainstage & Other Resident Productions				
8. Mainstage/Resident Productions on Tour	( )			
9. Productions Mounted to Tour				
10. Booked-In Events				
11. TOTAL				

Complete this section only if you entered data on lines 8 and 9.

12. Tours within the state: # Performances_____ # Communities_____

13. Out-of-state tours: # Performances_____ # Communities_____
Names of states _____
_____

14. International tours: # Performances_____ # Communities_____
Names of countries _____
_____

_____ _____
Signature of Managing or Artistic Director Date

APPENDIX D

GLOSSARY

Booked-in Events. Performances presented at or sponsored by, but not mounted by, the theatre.

CETA. Acronym for Comprehensive Employment Training Act, a salary subsidy program of the U.S. Department of Labor.

Compounded Growth Rate (CGR). A method of calculating the average annual rate of change in percent.

Constant Dollars. Dollars adjusted for inflation using the Consumer Price Index as the determinant.

Consumer Price Index (CPI). A method of measuring the change in the cost of typical wage-earner purchase of goods and services.

Current Dollars. The actual dollar amount without adjusting for inflation.

Donated Services/Materials/Facilities. Gifts in the form of salaries, materials, facilities, equipment or services that were donated to the theatres, given an estimated dollar value, and recorded in their audited financial statement.

Earned Income. Income received for services provided, such as subscription and ticket sales, touring fees and educational programs income (even where paid by a public or private funding source), interest, dividends, bookings, concessions, program ads, etc.

Earned Income Gap or Earnings Gap. Deficiency of earnings under expenses.

Income Surplus (Deficit). Excess (deficiency) of total income, both earned and unearned, over (under) expenses for the reporting year.

In-kind Contributions. See Donated Services.

Mainstage Season. The major series of plays and musicals offered by a theatre during the year.

Percent of Capacity. Proportion of available seats for which tickets are sold.

Private Funds. Contributions from nongovernmental sources of support, such as individuals, corporations and foundations.

Public Funds. Those monies granted from federal, state and city/county government agencies.

Real Dollars or Real Income. See Constant Dollars.

Royalty Expense. Amount paid to playwrights, translators, adapters, composers, librettists, lyricists and producers holding the rights to dramatic material, usually based on a percentage of box office income.

Royalty Income. Subsidiary income derived from royalties on subsequent productions of work originating at nonprofit professional theatres, i.e. from commercial stage productions, films, television, recordings.

Subscriber. An audience member who buys a season or series ticket to attend all the events in that season or series.

Unearned Income. Income derived from grants and contributions.

United Arts Fund. A local organization which conducts a general fund-raising drive for all the arts and passes on the proceeds to specific organizations, i.e. orchestras, museums, theatres. It should be noted that this is "indirect fund-raising," since the original donors do not make the determination concerning the ultimate recipient but rather give to the drive as a whole.